



JACK DOYLE

MONROE COUNTY EXECUTIVE

For Immediate Release:
Thursday, August 30, 2001

DOYLE ANNOUNCES NEW BOND RATING

County Executive Stresses His Commitment To Stable Property Taxes

County Executive Jack Doyle today announced a downgrade in Monroe County's bond rating by Fitch Investor's Services, one of three major national bond-rating agencies. In downgrading the county from "AA" to "AA-" Fitch said Monroe County should increase its fund balance by raising property taxes.

"While bond ratings are important and allow for borrowing at a better rate, I refuse to permit Wall Street to dictate tax policy for this community," said Doyle. "Today, as the national economy slows, it is more important than ever to keep county property taxes stable to encourage job growth and economic development."

In a press release, Fitch cited Monroe County's use of fund balance over the last several years to avoid tax increases as a major factor in the downgrade. The rating agency also noted that late reimbursements from the State of New York have contributed to short-term cash flow problems.

Fitch was referring to the county's anticipated need to borrow \$60 million in short-term funds to meet its cash needs for the balance of 2001. It would be the first time the county has borrowed short-term since 1995.

In identifying these challenges, Fitch noted that "...the county has ample property tax capacity to address spending pressures, but the tax levy has remained almost unchanged since 1992." They also noted that "...the county has steadily increased its sharing of sales tax revenues with its underlying governments, further limiting its own revenue raising capacity."

"The easy answer to this problem would be to raise property taxes," Doyle said. "But that is a step I have refused to take, and will refuse to take, because it is the wrong thing to do for our local economy, for our families and for our future development."

--more--

The county's efforts to achieve greater operating efficiency and to find areas to cut expenses within discretionary spending were acknowledged as beneficial, however, Fitch noted that increases in Medicaid, in particular, and other unnamed mandated expenses could require revenue increases.

Doyle has asked the Commission to Analyze Savings & Efficiency, or CASE Commission, to work closely with county departments to identify new revenue sources and opportunities to cut spending that can be achieved without significant impact on services to taxpayers.

CASE Commission Chairman Daniel C. Hogan, president of Crane-Hogan Structural Systems, has coordinated that effort, which has been underway for six months.

"Cost-cutting, not tax increases, must be the first solution to any fiscal problem," Doyle said.

On a positive note, Fitch did acknowledge Monroe County's stable economic base and recent growth and diversification from large employers to small and medium sized firms. They specifically noted that layoffs at large firms like Kodak, Bausch & Lomb and Xerox have been offset by job creation at smaller employers.

"Nine consecutive years of stable property taxes has set our community apart from others and it has greatly benefited our working families, residents on fixed incomes and local employers," Doyle said. "As we seek to keep this community competitive and growing in the face of a national economic downturn, I will not back away from my commitment to stable taxes."

The county's property tax levy in 2001 is \$235.5 million, approximately \$3.5 million less than when Doyle took office in 1995, and approximately \$400,000 less than when his predecessor, Robert L. King, took office in 1992.

"The county's use of proceeds from the sale of Tobacco Securitization Bonds has dramatically reduced the county's debt service payments, but it cannot be described as a windfall in light of the dramatically rising costs of Medicaid and other mandated health and social programs," said Monroe County's Chief Financial Officer, Gerald R. Mecca.

Mecca also noted that while it is a reduction from Monroe County's traditionally strong credit position, AA- remains an extremely attractive credit rating for borrowers.

--more--

Another positive observation recognized that “The county’s tax base has more than doubled since 1992, to \$23.9 billion, and remains sufficiently diverse as the top 10 taxpayers account for only 8.8% of assessed valuation.”

Overall debt levels for the county were identified as moderate and direct debt was identified as a “modest” \$599 per capita. These factors were noted as reflecting “prudent debt management practices” and the county’s plan to reduce outstanding debt through the tobacco settlement securitization was also seen as solid fiscal management.

###

For further information, call:

Communications and Special Events, 428-2380

See us on the Web at www.monroecounty.gov